

# **SOCIALIST STUDIES**

**NO. 16**

**CONTENTS INCLUDE:**

**SOCIALISTS**

**THE STOCK EXCHANGE**

**COMPANION PARTIES OF SOCIALISM**

**STRIKES & WAGES**

**INFLATION DEMYSTIFIED**

**OFFICIAL JOURNAL OF  
THE SOCIALIST PARTY OF  
GREAT BRITAIN**

**Communications to: General Secretary, 71 Ashbourne Court  
Woodside Park Road, London N12 8SB**

## THE SOCIALIST PARTY OF GREAT BRITAIN

### OBJECT

*The establishment of a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interest of the whole community.*

### DECLARATION OF PRINCIPLES

#### THE SOCIALIST PARTY OF GREAT BRITAIN HOLDS:

1. That society as at present constituted is based upon the ownership of the means of living (i.e., land, factories, railways, etc.) by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.
2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle, between those who possess but do not produce, and those who produce but do not possess.
3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into the common property of society of the means of production and distribution, and their democratic control by the whole people.
4. That as in the order of social evolution the working class is the last class to achieve its freedom, the emancipation of the working class will involve the emancipation of all mankind without distinction of race or sex.
5. That this emancipation must be the work of the working class itself.
6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.
7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interests of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.
8. The Socialist Party of Great Britain, therefore, enters the field of political action determined to wage war against all other political parties, whether alleged labour or avowedly capitalist, and calls upon the members of the working class of this country to muster under its banner to the end that a speedy termination may be wrought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.

ALL ENQUIRIES AND APPLICATIONS FOR MEMBERSHIP TO:  
The Socialist Party of Great Britain,  
71 Ashbourne Court, Woodside Park Road, London N12 8SB

## SOCIALISTS

In this confused and troubled world, most people look upon socialists with disfavour, and Socialism with disbelief. It is understandable, considering all the sources of misinformation, misrepresentation, and downright anti-socialist propaganda.

As long as capitalist politicians and "educators" are able to create a docile public, political ignorance, general indifference, apathy and prejudice against Socialism will be the order of the day. But this social malaise cannot continue indefinitely; sooner or later the iron whip of necessity will force a change. That's the time when socialists will get a fair and proper hearing.

People who call themselves socialists come in different roles and styles. The so-called communists of Russia, were violent, ruthless and practised a class structured, state-capitalist, society under a false socialist banner. China and Cuba continue to do so today.

Allied with social reformers are the mixed up socialists who believe that capitalism can be "fixed". All their efforts have produced a 'yo yo' of gains and losses. Living standards go up and down, while competition, pollution, waste, wars, unemployment, and, poverty continue.

There must be socialists with better answers, and so there are. We claim to be "revolutionary socialists": which to us means a complete change from a capitalist society to a Socialist society in order to solve the major social problems.

We say that capitalism has had its day. It has solved the problem of production but cannot solve the problem of distribution. Private ownership of the means of life and social production, of the means of life is a contradiction.

Socialists believe in the parliamentary method to make the revolutionary change democratically; we are the only informed group who hold the view that a majority of people are capable of understanding, why and how to build a new system of society, provided they obtain accurate political information, and, are interested. Socialist do not believe in political leaders, because leaders only have followers and both are politically ignorant. Socialism demands informed participants who make social decisions democratically in the common interest, otherwise the vote, and the concept of democracy have no meaning.

Numerically socialists are as yet very small, but our record over many years speaks for itself; it is clear cut, consistent and based on knowledge. To an informed, interested enquirer it becomes obvious that *Socialism has never been tried*. That fact alone should be reason enough to learn what Socialism is -- and is not. The Socialist role at present is to simply to further the idea of Socialism so that people can learn to live in harmony with each other and the rest of nature. We live in a class divided society, capitalism, which does not and cannot work in the interests of the vast majority.

A pertinent Socialist declaration is that the means of life, (industries, natural resources, food, clothing, shelter etc.), are privately owned and controlled by about ten per cent of the population, who, in the pursuit of profits, rule, exploit and expropriate the vast majority (the working class) who produce the



wealth of the world, (goods and services). The workers are forced to buy back what they, as a class, have produced in order to live.

Those who accept these facts are mental and social slaves, those who promote these facts are tyrants, and those that live off the labour of other people are parasites. All are the undesirable result of capitalism -- the ultimate contradictory society -- challenged only by revolutionary socialists who at the moment appear to stand alone. Socialists are the only ones to insist that the working class, when they so decide, can organise politically, to own and control the means of life in the interests of everyone.

## THE INTERNATIONAL STOCK MARKET

Markets have long been part of the culture of the working class. In London there is Petticoat Lane, Portobello Road, East Street (one time an outdoor speaking spot for us ), Walthamstow High Street (reputed to be the longest market in Europe), and there are many more and their counterparts in all large towns and cities. But there is one market not much used by the working class, and that is the Stock Market, or to give it its full name, The International Stock Market.

The present building, in the heart of the City of London opened in 1971. It is an imposing pile including a well furnished balcony open to the public, where machines and Information Officers can assist with any queries. The origin of the Stock Exchange can be traced back to 1801 when a group of brokers financed the erection of a new building, having been thrown out of the Royal Exchange because of rowdy behaviour.

The Stock Market is basically a place for buying and selling stocks and shares. It is part of the financial industry that forms an essential component of capitalism allowing the flow of capital from one company to another. There are stock exchanges throughout the world including Moscow, Peking and cities in Eastern Europe that are no longer part of the Soviet Empire.

At one time brokers traded on the floor of the House and their word was their bond: "*Dicum meum pactum*". Today with the development of communication technology, giant television screens now carry on this trade in stocks and shares. The pressing of a button can give a broker prices of equities not only in this country, but from all over the world. Millions of shares change hands each day, which makes the small investor with a few shares in British Gas, British Telecom etc. seem very small fry.

The Exchange has a language all of its own: Bulls, Bears, and Stags; those who due to their judgement or more often luck, hope to buy cheap and sell dear. Blue chips relate to those shares or securities that are considered to be a safe haven and likely to be profitable for the owners - even the widow's mite. Stocks, shares and government securities traded on the exchange, are not just British; they are international.

The best known share list in Britain is the FT100 or Footsie as it is known. This comprises an index of shares of the highest capitalised British companies, such as Esso, Sainsbury, Marks and Spencer etc. Smaller companies are included in other lists, but they and the largest companies all have one thing in common. As Public Limited Companies, their shares can be bought and sold, but there is always a risk and it is not a one way process. On every packet of cigarettes there is a warning that smoking damages your health. On every advert for Unit Trusts and Investment Trusts, there is a warning that the price of shares can go down as well as up, and that the investor may not even get back the money originally invested.

During the course of a day, millions of shares can be bought and sold on the Exchange. Peak turnover can be around 500 million plus, whereas current turnover (March 1995) is around 100 million - not enough to pay the costly overheads of a large staff, grand offices and the modern technical apparatus. Computers can now handle around 70,000 transactions an hour.

The Stock Exchange is an important arm of the financial industry which includes the High Street banks with which we are familiar, Nat West, Lloyds, Barclays etc., and the merchant banks, under the spotlight recently with the Barings fiasco, and its dealings with derivatives. Also included are the insurance companies, investment houses, accountants and lawyers who specialise in company law. They are all subject to various regulatory authorities and the cost of keeping an eye on the speculators, to see that they play the game is estimated at £350 million a year. Employment in London financial services is now put at just over 600,000. Companies are always looking for greater profits, so many workers, including those at managerial level are being made redundant.

Companies, both large and small, that are quoted on the Exchange, make their profits not from the movement of their share prices, but in the productive process, from the exploitation of the working class.

It is difficult to grasp the day to day running of the Exchange and its financial associates. Millions of dollars, marks, pounds etc. are transferred throughout the markets of the world. Money is laid out on the anticipated price of say, coffee, cocoa, wheat, say in three month's time- the Futures market. Dealers may never see a sack of coffee beans, but can make or lose a fortune on the vagaries of the market and things like the weather.

The Labour Party wine and dine the city elite, assuring them that a Labour government would offer no threat to their standing. In fact they promise a more even playing field, where currency speculators could no longer make a killing and where, they say, hard work and initiative would be rewarded. Some members of the capitalist class think that the Tories have been too long in power, have lost their way, and that a Labour government would be a better bet. If and when a Labour government comes to power, despite their good intentions and promises both to the capitalists and to the workers, they will not be able to deliver the goods; ie to run capitalism in the interests of the majority. Capitalism has inbuilt problems caused by the class ownership of the means of wealth production and distribution, and the production of commodities for sale with a view to profit. Unemployment, slumps and booms are a natural feature of this system.

Does the Stock Exchange and the financial industry as a whole have any relevance to Socialism? None whatsoever. In a Socialist



society where common ownership (*not nationalisation*) and democratic control of the means of life will form the economic basis of society, the Stock Exchange and similar institutions, will be relegated to the age of bygones. Socialism's workforce and back-up facilities will be harnessed to the fulfilment of meeting the needs of mankind. It will be a gigantic step to take, but a step that we will have to take if we wish to eradicate the social evils that are a blot on society today.

## INFLATION DEMYSTIFIED

Although the subject of inflation has been prevalent in politics and economics for the past 50 years or so, it appears that very little is known about its specific cause. There is always an air of mystery surrounding it, and although there is a simple explanation for it, most political spokesmen and economists seem completely ignorant of its cause and how to prevent it.

One exception however was an article published in *The Daily Telegraph* on 20th January 1995. Here the author, Mr. Christopher Fildes, expressed the view that it was the government who were printing excessive quantities of banknotes and pushing these into circulation through their agent Mr. Eddie George, the Governor of The Bank Of England. Mr. Fildes also advanced the view that the government, being the biggest borrower, did this in order to pay off, or to help pay off, the interest charges on its increasing borrowing. It is interesting to note that in the past, both the German and French

governments paid off their 1914-18 war debts by hyper inflation, and the British government allowed their War Loan Stock to sink to a fraction of its original value. Mr. Fildes is not far off the mark. He is certainly correct in suggesting that inflation is the result of the premeditated or plain ignorant actions of governments of all types, Tory, Labour and Liberal.

One of the short term political attractions of inflation is that by depreciating the currency, by pumping in an excess issue of inconvertible paper banknotes, the government can raise money without going to Parliament and without further increasing taxation, thus avoiding unpopular criticism. Inflation is essentially a form of hidden taxation, whereby the state is able to appropriate a part of the total purchasing power of society, which it had not got before.

In this way the government can evade paying in full for certain reform measures such as the mortgage income tax relief and other social benefits. By failing to index these benefits in order to compensate for the erosion of their value, they are thus able to claw back some of the cost of these reforms.

Were a 20 per cent excess issue of paper currency introduced into the monetary system, all other relevant factors remaining constant, the price level would rise by 20 per cent. The value of money savings in bank accounts, building society accounts, fixed pensions and annuities would lose 20 per cent of their purchasing power. £120 would then be required to purchase goods or services which could be obtained formerly for £100. This is precisely what has happened since 1938. Each fresh injection of excess paper currency since then has pushed up the price level so that in 1995 prices are about 30 times greater than in 1938.

In the same way that you do not alter the temperature of a room by adding or subtracting the numerals on the thermometer, you do not add to or diminish from the value of the commodities to be circulated, by changing the numbers on the paper symbols in which they express their value. No government can legislate to change the law of value which asserts itself whatever the price level. Within capitalist society, wealth appears in the form of commodities, (articles or services). The value of these commodities is determined by the quantity of socially necessary labour required for their production. Put in its simplest form, articles containing say 100 hours socially necessary labour, will be worth two articles each containing 50 hours necessary labour. Socially necessary labour includes all the materials used up in the productive process, and the previous labour contained in them. Governments cannot print value.

Inflation can only take place within national boundaries, and is worthless in the wider sphere of international trade and foreign investment. Foreign capitalists are not prepared to accept payments made with inflated currency and gold is still the measure of value for external trading.

Governments always justify their actions in printing excess amounts of paper currency, by claiming that this policy is forced upon them. The main reason which is constantly repeated is that wage increases cause inflation by causing prices to rise thus compelling the government to print more money to accommodate the higher price level. Harold Wilson, the one time Prime Minister in the last Labour government, was fond of saying that one man's wage rise was another man's price rise. In *The Daily Telegraph* ( 1st March 1995), Patrick Minford, professor of applied economics at Liverpool

University, wrote an article entitled "**Labour Market Earthquake Buries Old World of Inflation**". It turns out that the "earthquake" refers to the fact that the wage demands of workers during 1994 were muted because of the fear of unemployment. Mr. Minford claims that inflation failed to materialise in 1994 because of this. In fact the inflation rate in 1994 was nearly 3 per cent. He says:

*"Measured by the most fundamental yardstick of all, unit labour costs, inflation is now zero or negative across most of the countries of the Organisation for Economic Co-operation and Development."*

The professor is correct when he says that wage increases push up labour costs. These labour costs however have to met by the employers. It does not follow that the employers can automatically re-coup these increased costs by putting up the prices of their commodities, or as is suggested , by getting their agents the government to carry out the same function indirectly by inflating the currency.

From 1850 to 1914 wages rose by 90 per cent but the price level rose by only 2 per cent. There was no inflation during those 64 years for the very simple reason that the British currency ( and most others) was based on the Gold Standard. Paper currency was freely convertible into gold and governments could not inflate a convertible currency however much they wanted to . Great Britain abandoned the Gold Standard in 1929. In 1931 wages of public employees and others fell by 10 per cent and unemployment reached 3 million, (some 23 per cent of the workforce). However there was no inflation. Inflation has no connection with either wage increases wage decreases, or unemployment. Karl Marx debated the issue of wages and prices with John Weston, a member of the First



International, who held the then conventional view that it was useless for the workers to struggle for higher wages as these would be nullified by the capitalists putting up prices.

Marx began by pointing out that if the employers could recover the money expended on wage increases by raising their prices, they would not resist trade union action to increase wages. He gave the simple answer in showing that the annual product of labour was divided between wages and profits. The worker received wages and the capitalist profits. Marx assumes the total sum of the product equals 100 per cent and the workers and the capitalists have equal shares of 50 per cent. If then the workers gain a general increase in wages of 10 per cent, that would increase their share to 60 per cent. But it would also reduce the capitalists' share to 40 per cent. The capitalist would suffer a loss of profit as a direct result of the wage increase. However if wages fell by 10 per cent, the capitalists' share would be 60 per cent and the workers' share 40 per cent. That is what the class struggle on the industrial field is all about.

This maxim is as true today as it was when it first appeared in 1859 in **Value, Price & Profit**. It is the complete answer to all the current disembodied theories about inflation.

#### CORRECTION

On page 5 of Socialist Studies No. 15 - 'Do Commodities sell at their values?' In the quotation from CAPITAL Vol 3. (page 185) it mentions... "circulating capital of 100". This was a typing error: it should read 400.

## CLASS, WHAT IS IT

We live in a class divided society. But the ordinary perception of class is quite different from reality. Most people tend to think of class in terms of someone's family background, education and occupation. Academics have added to this confusion by designating alphabetical letters to supposedly different classes. Advertising agencies use a similar and equally superficial analysis. The media trivialise the word still further by applying it to life styles like the infamous 'yuppie'. Politicians hate the word class and have tried to replace it with the idea of citizenship.

The correct usage of class derives from the sound analysis of capitalism by Karl Marx. Here class is used in a more precise way. It highlights social power between unequal social classes arising from the relations of production and it explains social conflict. It explains the class struggle which continuously goes on under capitalism.

Although Marx makes passing reference to the division of labour in an unfinished fragment to Volume III of **Capital**, he uses class to differentiate between two social groups. These are the capitalist class and the working class. Capitalists own and control the means of existence, and live off rent interest and profit. They are in the minority. Workers, the majority, have only their mental and physical abilities to sell in order to live. Having no property income to live off, workers are coerced onto the labour market.

These two classes have conflicting interests. Employers have class interests which differ and are opposed to the class interests of

employees. Capitalists have an interest in making profit, defeating competitors and in expanding capital. In order to make a profit, capitalists have to extract a surplus out of their workforce. It is the workers' resistance to the intensity and extent of exploitation that generates the class struggle. It is the class struggle which is the 'motor force' of history, according to the Marxian view.

That is not to say that there is no conflict within the capitalist class, there is. Particularly over the question of taxation and competitors. Workers too have to compete with each other for jobs. Not understanding the society in which they live, workers all too often act in an anti-social manner towards others, and in times of war can be led to carry out the carnage.

It may be asked why politicians are unable to do anything about resolving the class struggle. There are three interrelated reasons. First, capitalism produces only for profit. No profit- no production. Social needs are only of importance in the context of profit making. Most social needs fall outside this context. Production is limited to the ability to pay. What workers can afford and what they need are not the same things. This applies to housing, clothing, education, health, communications, transport etc. The profit motive means that the needs of all of society are not met, and that the workers have to put up with the cheapest things. Since the function of politicians and their advisors is to act in the interests of the capitalist class, they cannot at the same time act in the interests of the working class.

Second, capitalism is about social power and powerlessness. Employers through their political agents have effective control over the machinery of government, including the armed forces. Force ultimately protects the institution of private property. This political

power ensures that workers do not have direct access to production and distribution. It also allows employers to take away the goods the workers make. Workers work on the terms and conditions dictated by the employers, although depending on the circumstances, they may be able to improve their conditions or they may find themselves out of work. The factories, shops, offices etc belong to the employing class.

Third, there is the question of exploitation within the productive process. No defender of capitalism, from Bohm-Bawerk, up through to Popper, Hayak, Friedman, Samuelson and Steedman has ever come anywhere near breaking the logic of Marx's labour theory of value. They cannot offer an alternative theory which holds such comprehensive and explanatory power, so they ignore it. Profit is derived from exploitation. Employers get their profits from the unpaid labour of the working class. They are a kept class.

Capitalism has an irresolvable conflict between what society could produce and what the pursuit of profit allows it to produce. As this conflict deepens it will increase the strength of Socialist ideas, create more and more Socialists and improve the effectiveness of The Socialist Party of Great Britain by increasing its membership. The ultimate limit of the class struggle is of course, the replacement of capitalism by Socialism. This alone is in the interests of the working class: the abolition of classes and of the wages system. The establishment of Socialism as defined in our Object, is the one and only aim of The Socialist Party of Great Britain. To this end we call on members of the working class to familiarise themselves with Socialist ideas, and join in our struggle on the political field.



## THE COMPANION PARTIES OF INTERNATIONAL SOCIALISM

Since The Socialist Party of Great Britain was reconstituted in June 1991, we have received no formal recognition from any of these parties, despite the fact that all of them have been informed of the events which led to our formation, and the reasons for our hostility to The Socialist Party based at Clapham. We have repeatedly, over a period of nearly 4 years produced facts and information which clearly show the non-Socialist position of that party. None of these facts has been challenged, either by the Clapham party or their companion parties. Our inevitable conclusion must be that the Clapham disease has spread to these parties.

Mr. S. Leight, a member of the World Socialist Party of the United States, who recently raised this matter in correspondence, still refuses to accept that there are fundamental disagreements between ourselves and The Socialist Party. Mr. Leight blames us for what he describes as our hostile reaction, by failing to accept "an absurd" Conference resolution; thus, in Mr. Leight's view, precipitating the subsequent split which resulted from our expulsion.

This "absurd" resolution was not only in breach of the then Party's constitution as set out in the rule book, but was also in conflict with the Declaration of Principles. It effectively changed the name of The Socialist Party of Great Britain by forbidding its use in propaganda, both written and spoken. To continue to use "The Socialist Party of Great Britain" was the "undemocratic" crime for which we were expelled. This "absurd" resolution was carried by a minority of the Party's membership. Repeated attempts to hold a

referendum on the Party's name were continually frustrated by the Clapham party's E. C. and the vocal minority core of activists, who regularly attended branch meetings.

However since the 1991 split the real reasons for the E.C.'s actions have begun to emerge. Previous issues of **Socialist Studies** have given details. For example, The Socialist Party no longer adheres to Clause 7 & 8 which express hostility to other non-Socialist parties. It supports reform ( democratic, environmental, feminist and gay for example), and it deliberately omits from its propaganda the need for the workers to gain control of the machinery of government, including the armed forces, through the Parliamentary method. This omission is so as not to upset the anarchist elements within their ranks.

The Socialist Party of Great Britain holds that the only basis for international agreement among Socialists, must rest on the pursuit of a **single objective: Socialism** and the acceptance of a common set of principles as the means to attain that objective.

The Clapham party has other objectives which are also supported by non-Socialist political organisations, and which distract and confuse workers, diverting their attention from the real issue of Socialism. For example the **Socialist Standard** blames western capitalists for so called Third World debts, as if this were an issue of any interest to the workers. This is dangerous and detrimental to Socialist propaganda because it permeates existing reformist attitudes in the minds of the workers.

That The Socialist Party of Clapham should be regarded as the principal partner in the group of international companion parties,

reflects the weakness of that group, and foreshadows its decline into a mere anti-capitalist protest movement. How can a truly revolutionary Socialist movement exist when the main participant does not conform to or agree with its own Declaration of Principles? How can the membership allow within its ranks those with openly held anarchist views, who repudiate the class struggle by rejecting the Parliamentary road to Socialism? How can a Socialist organisation waste time and effort dealing with capitalist reforms on their merits, as well as allowing their members to join reformist organisations such as women's liberation, and Amnesty International. How can they allow their members to openly support demonstrations, for example, against the Criminal Justice Bill?

The simple answer is that support for these organisations and issues is incompatible with membership of a revolutionary Socialist party. Recently a small group in Calcutta has joined the Companion Parties. They produced a 10,000 word statement which we have had the opportunity of reading. In its present form, despite its length, this statement does not adequately put the Socialist case. It speaks of Socialism and democracy as twin objectives. This is confusing. For Socialists democracy is not an objective in itself to aim for; every anti-Socialist democrat calls for political democracy. Democracy is a method of organisational procedure, inseparable from Socialist organisation now, and in future Socialist society. It is impossible to have common ownership of society's wealth *without* democratic control of the means of production and distribution. The workers must achieve Socialism by voting for it. These are the only practical applications of democracy, and that is all that Socialists are concerned with. The Indian party appears to be under the malign influence of the social democrats of the Clapham based Socialist Party, who hold that capitalist political democracy is a

stepping stone to Socialism. This reactionary, and reformist position is 100 years out of date, and can have no place in a revolutionary Socialist movement. The high priests of Clapham have founded a new religion and called it democracy. (It should be remembered that "democracy" was the justification for suppressing the Socialist activities of the members who were expelled in 1991 and went on to reconstitute the SPGB.)

The Indian statement also omits the question of religion entirely, which seems odd considering that religion is still a potent force in India. This will not trouble the Clapham party who have been having a thin time recently. The debacle of the European elections, then the exposure of their "Judas" letters, (see **Socialist Studies 14**) and our continued existence and activities, have troubled them. The above letters were written to a building society and to the state's County Court showing what law abiding citizens they were by paying their bills, Taxes and Rates, compared to the "tax dodging" Socialist Party of Great Britain, who were carrying on fraud. The advent of the Indian Party, warts and all, may boost their flagging morale.

In his letter referred to above, Mr. Leight stated that the Indian Party ought to be told by Clapham that there were two Socialist parties in Great Britain, and that there ought to be complete disclosure as to how this came about. This is a sound Socialist attitude on Mr. Leight's part, and we entirely agree. However we cannot imagine The Socialist Party (for all their "democratic" talk) accepting the principle of complete disclosure. We only have to refer to the events of our own expulsions and the split in the Party which has not been disclosed to readers of the **Socialist Standard**, nearly four years later. Far from being disclosed it has been actively



suppressed. The Clapham party's attitude to full disclosure is shown by their acceptance of a donation of £20,000 made by a donor whose identity was known only to a few officials in the party, including Mr. Buick the General Secretary. The donor's identity was kept secret from the membership. Suppressing information is anathema to a genuine Socialist party, and could not have happened when genuine Socialists controlled that organisation.

Concerning the Indian group, Mr. Leight will be gratified to learn that we have made complete disclosure and sent all the relevant documents to them and their friends in Sri Lanka. In addition we have warned them to have nothing to do with The Socialist Party of Clapham.

**THE SOCIALIST PARTY OF GREAT BRITAIN**  
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has no connection with the organisation of the same name also calling itself The Socialist Party, of 52 Clapham High Street, London SW4 7UN. Any person wishing to send money should make cheques, POs etc. payable to "**The Socialist Party of Great Britain**". If any person has mistakenly sent money to us intended for the Clapham organisation, we will refund this upon notification.

## STRIKES & WAGES

Many officials and members of trade unions believe that strikes are the key factor in pushing up wages, so the policy they favour is that of organising frequent and indefinite strikes. Their belief is not supported by experience and it shows a failure to understand the economic laws of capitalism. Generally speaking, periods of frequent and prolonged strikes are periods of failure by the unions to get wage increases, and periods of rising wages are periods with relatively few strikes.

In the periods 1900-13 and 1920-26, real wages (money wages adjusted to price changes), were falling. In 1980-88 real wages were rising. There were other differences. In 1900-13 prices were rising, as in 1980-88. In 1920-26 prices were falling. In 1900-13 wages rose less than prices so real wages fell by almost 9 per cent. In 1980-88 wages rose each year more than prices so real wages rose in all by about 20 per cent. In 1920-26, when prices were falling, wages fell more than prices so real wages fell by about 5 per cent.

There were differences in the laws affecting trade unions and strikes during these three periods. In 1980-88 the increased restrictiveness of the law did not prevent real wages rising. The much less restrictive laws in 1920-26 did not prevent real wages from falling. The law in 1900-13 was probably as restrictive as in 1980-88. Between 1900 and 1913 the membership of trade unions was rising fast, from about 2 million to 4 million. In 1920 it was 8.3 million and falling fast to 5.2 million in 1926. In 1980 it was 13 million and falling fast to 8.5 million in 1988.

The percentage of workers unemployed in 1920-26 was much the same as in 1980-88. What information there is about 1900-13 suggests that unemployment then was less severe.

In relation to the membership of the unions in the three periods, there were many more strikes in 1900-13 and 1920-26 when real wages were falling than in the period 1980-88 when real wages were rising, and more workers were involved in strikes. Strikes lasted much longer in the earlier two periods. Even excluding the 1926 General Strike, and the seven months' miners' strike in the same year, strikes in 1920-26 lasted on average seven times as long as in 1980-88. There were some fewer strikes in 1988 than for some 20 years.

Those trade unionists who think that strikes alone are the determinant of rising real wages, interpret the decline of strikes in 1980-88 as a sign of the failure of the unions to pursue a "militant" policy, or as an effect of the government's changes in trade union law. They have to explain why real wages fell when there were more

#### NEW PUBLICATION

The fact sheets we used for our 1986 to 87 Lecture Series have been collated and form what might be termed a Socialist's Handbook. It contains 79 different quotations from Socialist publications and those of our opponents. It makes interesting reading.

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**The Socialist Party of Great Britain**  
**71 Ashbourne Court, London N12 8SB**

strikes and rose when there were fewer strikes, bearing in mind also that real wages fell in 1920-26, when trade union law was less restrictive.

We may ask what makes wage increases possible? The answer lies in the way capitalism goes through phases of expanding production, sales and profits, alternating with trade depressions, when sales and profits fall, factories are closed, some permanently, and workers are stood off. In a phase of expansion the employers do not want the flow of profits to be interrupted by a strike and will make concessions to avoid it. The most successful trade union action is the one that gains its objective merely by threatening to strike.

Of course it presupposes that the workers are effectively organised, that the union is able and willing to mount a strike if necessary and that the employers know that they have to take the threat seriously. The periods 1900-13 and 1920-26 were periods of stagnating production in which therefore strikes had lost their cutting edge. An employer who is closing down a factory is not worried by a union threat to close it down with a strike. Employers have been known to provoke a strike deliberately at such a time. The period 1980-88 saw production, sales and profits all rising; hence the ability of the unions to get wage increases larger than the rise in prices. How much profits vary with the state of trade is shown by the following table which expresses total company profits as a percentage of total wages and salaries.

1981	19%	1985	27%
1982	20%	1986	23%
1983	23.5%	1987	28%
1984	25%	1988	28%



While a strike goes on the strikers do not receive wages, something habitually disregarded by those who advocate indefinite strikes. Every week that strike lasts needs almost an additional 2 per cent, if the loss of wages is to be made good within a year of the return to work. For the miners to stay out for seven months in 1926 until starved into submission was pointless, for nobody supposed that the mine owners could be forced into giving a 60 per cent increase of pay. Unless trade conditions are such that the employers are likely to give way quickly, a strike is not worthwhile. The union should wait until market conditions are more favourable for a wage increase.

The employers can always win if they decide to fight to the finish. The situation faced by the miners in 1926 had been foreseen years earlier in an article in the **Socialist Standard** (April 1919). After a Royal Commission on the coal industry had issued its report and the miners had threatened to strike, a government minister, Mr. Bonar Law, said this:

*"If such a strike comes the government...will use the resources of the state without the smallest hesitation".*

The article commented on the minister's threat:

*"If such a strike came the mine owners, if they decided to fight it out, could win by simply putting their immense resources of wealth,...against the few pounds the miners could gather together. On the economic field the masters are in a far stronger position than the workers and can beat them any time they decide to fight to a finish. Yet in this, as in so many other cases, they threaten to use the overwhelming powers of the State for their purpose because it is so much more speedy and decisive"*

In a further article (*Socialist Standard* April 1922), when it was the engineers who were under attack, all the unions were urged to get together and test the situation by holding up industry rather than allow themselves to be picked off one by one. It urged them however to take notice of some overriding considerations. They should not forget that if the employers decided to fight to a finish they would win.

*"First, the stoppage must not be allowed to drag on indefinitely. If it does not effect its purpose in a short sharp action then it will have failed and the men must accept the inevitable for the present.*

*"Second it must be carried out peaceably. Any attempt at riot or destruction must be sternly repressed, as it would at once give the signal for the use of the armed forces against defenceless men. All nonsense about 'taking possession of works etc' must be repudiated or ignored, as that way leads to disaster.*

*"....the decision to come out and to go back must be in the hands of the rank and file. No power should be given to leaders - revolutionary or otherwise - to decide these points."*

We have received a donation of £2,000 from the Estate of the late George Walford who published *Ideological Commentary*; we shall use this money to further the cause of Socialism. A similar sum was given to the 'Socialist Party' of Clapham, so we trust they will not now covet our funds on the basis that this was money meant for them.

## THE SOCIALIST PARTY OF GREAT BRITAIN

### INDOOR MEETING IN BRISTOL

Towards the end of May we shall be organising an indoor meeting in Bristol. Full details of date, venue and subject can be obtained from Head Office.

### SUMMER SCHOOL 1995

The theme for our Summer School this year is Frederick Engels and his works. It was on June 11th 1991 that we reconstituted the Socialist Party of Great Britain, so will take the opportunity of holding a General Party meeting as part of the proceedings.

### FREDERICK ENGELS

Born 1820. Died 1895.

E \_ \_ \_ THE MAN

N

G \_ \_ \_ and THE ORIGIN OF THE FAMILY

E

L \_ \_ \_ and ANTI DUHRING

S

Sessions 11.30 - 12.00

12.00 - 1.30

1.30 - 2.30

light buffet luncheon.

2.30 - 3.30

General Party Meeting.

3.30 - 5.00

SUNDAY 11th JUNE 1995

Marchmont Community Centre,  
62 Marchmont Street, London WC1  
(5 minutes Russell Square Tube Station)

ALL WELCOME. ADMISSION FREE. QUESTIONS. DISCUSSION.



## THE SOCIALIST PARTY OF GREAT BRITAIN

### NORTH WEST LONDON BRANCH

meets at 7.30 pm on the 1st and 3rd Mondays in month at  
Abbey Community Centre, Belsize Road, London NW6.

Secretary C. May, 71 Ashbourne Court, Woodside Park Road,  
London N12 8SB

### CAMDEN / BLOOMSBURY BRANCH

meets at 6 pm on the 4th Tuesday of month at  
Marchmont Community Centre, 62 Marchmont Street, WC1

Correspondence to the Secretary, S.P.G.B., 31 Caernarvon Road,  
Eynsbury, St. Neots, Cambs. PE19 2RN (Tel: 0480 403345)

All meetings are open to the public and visitors are welcome.  
Those wishing to find out more about the Party and its activities  
should contact the Secretary.

## FURTHER LITERATURE AVAILABLE

### Socialist Studies - our official journal

Issues Nos: 1, 2, 3, 4, 5, 6, 7, 8 & 9 available @ 25p each (post paid)

Issues Nos: 10, 11, 12, 13, 14 & 15 are available without charge on  
receipt of large s.a.e. (30p stamps)

### Socialist Principles Explained

The Object and Declaration of Principles

25 p.p. Pamphlet 60p (post paid)

### Banking & Credit Myths

A Socialist View 50p post paid

Questions of the Day pamphlet: - (30p each, post paid)

No.1. Inflation: Cause and Effects

No.2. Unemployment and Recessions.

No.3. Marx - Modern History and Economics.

No.4. The Socialist Party of Great Britain and the Trade Unions.

No.5. Why Socialists oppose the Labour Party.

No.6. The Continuing Trade War.